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**NOTICE TO JOINT LEGISLATIVE COMMITTEE ON LOCAL GOVERNMENT OF
PROPOSED LOCAL GOVERNMENT FINANCING**

December 3, 2014

Joint Legislative Committee on Local Government
North Carolina General Assembly
16 West Jones Street
Raleigh, North Carolina 27601
Attention Committee Chairs; Committee Assistant

Fiscal Research Division
North Carolina General Assembly
300 North Salisbury Street, Suite 619
Raleigh, North Carolina 27603-5925
Attention: Interim Director

**Housing Authority of the City of Raleigh, North Carolina
Multifamily Housing Revenue Bonds, Series 2015
(The Bluffs at Walnut Creek Project)**

We are bond counsel for the Housing Authority of the City of Raleigh, North Carolina (the "Authority") in connection with the proposed issuance of its Multifamily Housing Revenue Bonds (The Bluffs at Walnut Creek Project), Series 2015 (the "Bonds") in an aggregate amount not to exceed \$21,000,000. The proceeds of the Bonds will be loaned to Pedcor Investments-2013-CXXXIX, L.P., an Indiana limited partnership, or an affiliated or related entity (the "Borrower"), for the purpose of providing all or part of the funds with which to pay the cost of the acquisition, construction and equipping of a 198-unit low and moderate income residential rental housing facility to be known as The Bluffs at Walnut Creek Apartments located within the jurisdiction of the Authority in Raleigh, North Carolina (the "Project").

The Bonds will be issued under Chapter 157 of the North Carolina General Statutes (the "Act"). The proceeds of the Bonds will be loaned to the Borrower under a Financing Agreement among the Authority, the Borrower, P/R Mortgage & Investment Corp., and United Fidelity Bank, fsb. The Borrower will promise to pay amounts sufficient to pay principal, premium, if any and interest on the Bonds when due. The Borrower and the Authority will file restrictive covenants requiring that the Project be operated as a "qualified residential rental facility," under the Code and as a facility that provides housing for persons of low or moderate income under the Act for the longer of the term of the Bonds or 15 years. The Bonds do not represent or constitute a debt or pledge of the faith and credit of the Authority, the City of Raleigh, the State of North Carolina, or any political subdivision thereof. Principal of and premium (if any) and interest on the Bonds are payable solely from the revenues pledged pursuant to the Financing Agreement.



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This notice is provided pursuant to N.C. Gen. Stat. §120-157.2(a). The Authority expects that the North Carolina Local Government Commission ("LGC") will consider the issuance of the Bonds for approval at the LGC's meeting scheduled for February 3, 2015. We are delivering this notice on behalf of the Authority and the Borrower in accordance with directions provided by the LGC in Memorandum No. 2012-02 dated July 25, 2011.

Very truly yours,

A handwritten signature in blue ink that reads "Mary Nash K. Rusher".

Mary Nash K. Rusher, Esq.
Bond Counsel

cc: Vance Holloman, Secretary
Local Government Commission
NC Department of State Treasurer
325 N. Salisbury Street
Raleigh, NC 27603-1385